

AUDIT & ASSURANCE COMMITTEE

Meeting held on 18th January 2017
Venue: Room AD77, Trust HQ, East Surrey Hospital

Present:		
Paul Biddle	PB	Committee Chair / Non-Executive Director
Richard Shaw	RS	Non-Executive Director
Richard Durban	RD	Non-Executive Director
In attendance:		
Paul Simpson	PS	Chief Finance Officer
Zara Nadim	ZN	Chief of WACH
Djafer Erdogan	DE	Financial Controller
Nick Atkinson	DM	Internal Audit
Mike Harling	MH	Counter Fraud
Colin Pink	CP	Head of Corporate Governance

			Action by
1	1.1	Welcome and Apologies for absence The Chair welcomed members and attendees to the meeting. Apologies were received from Gillian Francis-Musanu.	
	1.2	Minutes of last meeting The Committee reviewed and agreed the minutes of the November 2016 meeting with minor clarifications.	
	1.3	Actions from previous meetings: The action tracker was reviewed and the Committee noted the actions closed since the November meeting. The Committee asked that the internal controls review for corporate governance is brought forward. Action	CP
2	2.1	Review of Board Assurance Framework CP introduced the report. The Committee discussed the development of the BAF focussing on the risks going into 2017/18 and the balance between short term and long term strategic risks. Noting that some strategic risks are outside of the Trust's control and therefore efforts to reduce and mitigate risk should focus on external issues that can be influenced whilst developing flexible internal plans that can adapt to	

		<p>changes in local and national need.</p> <p>The Committee asked for early sight of the 2017/18 BAF in its draft stages, noting that it should reflect the agreed annual strategic priorities.</p> <p>Action</p> <p>The Committee discussed whether the activity risks described in risk 4.1 should be graded higher due to the impact of winter on elective activity and agreed to review the risk going forward taking into account performance reports at public Board.</p> <p>PS raised the management of the financial risks described on the BAF. The Committee agreed with the proposal on how best to record the current financial position, noting that the final wording would need to be agreed by the Board. The Committee agreed to drop the risk score relating to delivery of forecast and financial plan as the end of year forecast surplus had been reduced and as such so had the overall risk of delivery. PS agreed to update the BAF to this effect for the January public Board.</p> <p>The Committee went on to discuss the monitoring framework described in the single oversight framework. It is anticipated that the Trust's initial rating will either be a 2 or a 3, noting that a rating of 3 may trigger intervention from NHSI. The Trust is however forecasting an end of year surplus position.</p> <p>The Committee noted the report and took assurance on the management and detail included in the BAF.</p>	CP/GFM
	2.2	<p>Review of SRR</p> <p>CP introduced the significant risk register, this was noted.</p> <p>The Committee noted the SRR.</p>	
3	3.1	<p>Losses Comps and waivers</p> <p>PS presented the report, highlighting the detail of overseas write offs and the management of the Trust's bad debt position. The assurance over the Trust's controls for management of collection of debt from overseas patients remains high.</p> <p>The Committee discussed the detail of the attached papers, noting the low level of overpaid salary write offs and management's efforts to tighten controls over the payment of leavers. This is not believed to be a fraud issue.</p>	

		<p>The Committee went on to discuss the Trust's waivers process.</p> <p>The Committee noted the paper and took assurance over the controls that support the system.</p>	
4	4.1	<p>Internal Audit Progress report</p> <p>DM introduced the report, highlighting work in progress, benchmarking exercises from annual accounts and the Trust's audit action tracker which is in a good position. DM highlighted the review of management of overseas patients, which considered some of the issues raised earlier in the meeting and highlighted the current level of reputational risk that was associated with media coverage of the Issue.</p> <p>ZN attended the Committee to discuss the internal audit of the management of caesarean section with the Chief of WACH present. This was discussed in great detail and provided good assurance over the governance of the oversight of C-section rates. Focussing on benchmarking performance, birth choice clinics and the agreed to the review the data provided to the Board. CP agreed to speak to the performance team to review the metrics included in the IPR. Action.</p>	CP
	4.2	<p>External Audit update</p> <p>External audit provided an update on its work to date and intention to commence planning for review of end of year accounts. This is planned to commence in March 2017.</p> <p>Richard Lawson will be the key contact for the process as Jamie Bewick activity is now moving to other areas.</p> <p>The Committee noted the verbal update.</p>	
	4.3	<p>LCFS Report</p> <p>Mike Harling presented the update which included a general counter fraud risk assessment. Focusing on review of investigations, activity to recover loss and awareness raising activities at ESH and Crawley hospital.</p> <p>The Committee discussed the fraud risk assessment, which provided good assurance of general controls and insight into the areas of potential high and low risk fraud that the Trust was at risk too. The risk assessment provides focus for the plan of work and is shared with Internal Audit to ensure joint working and intelligence gathering. The Committee noted the</p>	

		<p>linkages to issues raised in the Cyber Security audit presented previously.</p> <p>The Committee discussed the management of gifts and hospitality's. There is a feeling that there should be a greater number of items recorded on the Trust's register, noting that the number of items continues to increase as awareness increases.</p> <p>The heat map included in the report provided interesting insight into the level and types of fraud risk the Trust is exposed to.</p> <p>The Committee agreed with the proposed plans for future counter fraud work.</p> <p>The Committee noted the report.</p>	
5	5.0	<p>Draft Annual report to Board</p> <p>CP introduced the draft annual report to Board noting the activity of the committee and the need to discuss and agree priorities for 2017.</p> <p>The Committee reviewed and agreed the annual report to Board.</p> <p>The Committee discussed and identified the following as main challenges for the Committee in 2017:</p> <ol style="list-style-type: none"> 1) Ensuring maintenance of controls during a challenging and changing financial situation. 2) To challenge and seek assurance that robust contracts are established with the CCGs based on payment by results. 3) To continue to build on the assurance that effective operational HR processes have been put into place. 4) To gain assurance of the controls and governance of external factors which could have significant impact on the Trust. <p>PBi noted that it would also be important to ensure that the Committee provides time to ensure that the transfer of external audit provider is well facilitated, maintained focus on counter fraud initiatives and that the Committee continues to seek and provide relevant assurance to the Board.</p> <p>For review</p>	
6	6.0	<p>AOB</p> <p>No any other business was recorded.</p>	
	6.2	Date of Next Meeting: 16 th March 2017	

